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NSSM-106

UNITED STATES CHINA POLICY

Part II
Declassification 9/16/96
Under provisions of E.O. 13526
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2/16/71
First SRG Draft

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DOD ANNEX: US Military Presence on Taiwan (TOP SECRET)

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NSSM 106 - China Policy

I. THE SITUATION FACING US

A. The Present Problem

It is obviously undesirable, as well as potentially dangerous, for the world's most powerful country and the world's most populous country (itself growing in power) to remain as hostile toward each other as they have been for two decades, with virtually no peaceful international intercourse--diplomatic, economic, scientific or cultural. The historical reasons for this are well known. The question is whether this circumstance is now alterable, and if so, whether it is in the US interest to attempt to alter it.

This problem has been given added urgency in the light of recent developments in China, in Asia, and in the world's attitudes towards China. Much has been said concerning the drawing to a close of the "post-war era" in Europe. We may have reached a similar watershed in Asia, with the Nixon Doctrine both a harbinger of it and an accommodation to it.

For two decades the Government of the People's Republic of China (PRC) has been in control of nearly a quarter of mankind, yet has been outside the mainstream of international

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affairs. Its isolation has been partly self-imposed, a result of both its conscious policy and its abusive behavior, and partly imposed on it by the efforts of non-communist countries under US leadership. Denied a seat in the United Nations and faced with Taipei's participation in international conferences, it has been loath to take part in any multilateral consideration of problems of global concern, such as arms control, law of the sea, off-shore oil and seabed rights, airline hijacking, control of narcotics traffic, etc.--and it has generally not been invited to do so. It has also been generally unwilling to associate itself after the fact with international agreements reached without its participation.

In the mid-sixties the PRC had begun to improve its international standing--epitomized by French diplomatic recognition and a tie vote in the UN on Chinese representation--but the confused and extravagant conduct of the Cultural Revolution halted the trend toward increased international support. With the violent phase of the Cultural Revolution now over, the PRC is attempting to end its isolation. While there is reluctance in the world community to impair the standing of the Government of the Republic of China on

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Taiwan (GRC), given the seemingly irreconcilable confrontation between the two Chinese regimes a growing number of governments elect to support the PRC at the expense of the GRC whenever the issue is forced in the UN or elsewhere.

As a result, the US is finding fewer allies in its support of the GRC's international position. If present indications materialize, within the next two or three years most of our European allies will have recognized Peking; and Japan, under heavy domestic pressure, is seriously examining its options, though a move toward recognition is not imminent. In the China context, diplomatic recognition and support in the United Nations tend to be mutually supportive acts. Accordingly, given the present trend in recognition, we can also expect increasing support for Peking in the UN which is likely to lead to PRC seating and GRC expulsion this year or in 1972. Our policy is being regarded more and more as unrealistic and out of date, both internationally and within the American body politic.

However, it is one thing for Canada, France, the UK or a host of other nations to recognize the PRC and support it in the UN; it is quite another thing for the US to do so. We

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are largely responsible for the very existence of the GRC; we have a defense treaty commitment to it (though we would not stand in the way of a peaceful resolution of the "Taiwan problem"), and we have a degree of responsibility for the people of Taiwan. We therefore have a moral obligation as well as political, economic and military interests arising from our long association with the GRC.

Thus important and valid but mutually incompatible interests of the United States in the China tangle have long presented us with dilemmas in our China policy. For most of the past two decades these dilemmas could be, and were, fairly successfully submerged, but developments of the past year have brought them into stark focus.

As a result, a number of insistent questions arise: Why does US-PRC hostility persist? Can anything be done about it? What future course would be most promising? Is any change in US policy likely to prompt a desired change in PRC policy? If improvement in US-PRC relations is to be further sought, how can our obligations to the GRC best be honored? What are the confines of US policy maneuverability? What are the likely costs and benefits from moves within

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those limits? This paper examines the issues raised by these questions and presents policy alternatives relative to them.

Before addressing these questions, however, certain strategic factors in the situation facing us should be noted.

B. Strategic Factors

1. The Nixon Doctrine and the Asian reaction.

For years the US has deployed strategic and conventional forces in forward positions throughout East Asia. These have been directed against the military potential of the USSR and China and the specific military threats from North Korea and North Viet-Nam.

The presence of these forces has brought important gains in exchange for certain costs. They have helped deter overt conventional military aggression by Asian communist countries. They have added significantly to the confidence of allied governments in their ability to resist communist domination and influence. At the same time the presence of foreign troops to some extent has engendered frictions with local populations within the host countries, as well as with governments sensitive about what the presence of those troops implies for their sovereignty. The presence of US troops,

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particularly in mainland Asia, has also projected a threatening image of the US in the eyes of the Chinese and other Asian communists, constituting one of the barriers in the way of improvement in our relations with them.

In accordance with the Nixon Doctrine the US is now reducing its close-in military presence (which Peking has long cited as proof of US hostility and presumption) and is increasing military assistance to selected allies so that they can assume primary responsibility for their own non-nuclear defense. It should not be assumed that Peking will interpret these reductions as an effort toward detente on the part of the US. Indeed, reduction of US forces in other parts of East Asia without concomitant reductions on Taiwan could well be regarded by Peking as an indication of US interest in keeping Taiwan permanently separate from the mainland, as a US base directed against the PRC.

The reduction of US force levels thus presents the US with political, military and psychological problems as well as opportunities. It has raised questions among our allies as to US determination to maintain its commitments, led them to start thinking more actively about how they might shape

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future arrangements with Peking, and may provide the PRC with opportunities to expand its political influence in the area.

So far as we can determine, the reduction of US force levels as such has not produced any change in Chinese deployments directed against Korea, Taiwan or Southeast Asia, although the PRC apparently has begun to alter traditional deployment patterns in South China in order to strengthen conventional capabilities vis-a-vis the Soviet Union. The Chinese are and will continue to be deterred from overt massive aggression across their borders by US and Soviet nuclear and conventional power.

The PRC probably views the Nixon Doctrine with mixed feelings. While it welcomes the first significant US troop reductions in East Asia since the end of the Korean War, it is probably concerned that strengthened indigenous non-communist governments left behind may be harder for "liberation" movements to handle. Furthermore, Peking has seen benefits in what it regards as the over-extension of American resources and in the US domestic political disruption connected with the Viet-Nam War, and would like to see these continued--though not at the expense of an enlarged threat to China.

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Peking's considerations related to the American presence are greatly magnified where Taiwan is concerned. Any favorable PRC reaction toward the over-all reduction of US military presence in East Asia would be more than offset if the net effect should be strengthening the US presence on Taiwan.

As for reactions elsewhere, while some Asian leaders appear to have been reassured about US intentions and agree with the Nixon Doctrine as a practical approach if it is carefully implemented, many opinion makers are skeptical. The media in Asia continue to reflect doubt and concern. Asian non-communist nations in general continue to look upon the Chinese colossus with suspicion and fear. While they regard the threat of overt invasion as much less likely than was once believed, Chinese-abetted "people's wars" are looked upon as a constant threat, and one difficult to counter. They fear the potential of Maoist-oriented communist indigenous elements, particularly in view of the large Chinese minorities found in most Asian countries.

Conservative Japanese leaders are disturbed by the pace of US military force reductions and have hinted that we

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should slow down. Those who have questioned Japan's alignment with the US see the reductions as evidence of the unreliability of our commitment and are more than ever inclined to urge that Japan should consider alternative options.

Korea, Taiwan, Thailand, the Philippines, Cambodia, Indonesia and to a lesser extent South Viet-Nam often express the hope for even greater American material assistance in strengthening their defense capabilities.

In the Philippines, Malaysia, Singapore and Thailand there is growing interest in contact with communist states as a means of reducing tensions and protecting the peace and security of Southeast Asia, whereas Korea and Taiwan continue to oppose such contacts, preferring to rely on some kind of regional military arrangement as effective deterrence. The latter may also be true in Cambodia and South Viet-Nam.

2. Great power interrelationship in Asia.

Although changes have been gradual, the interaction of the US, China, Japan and the USSR in East Asia has made each country more conscious of the complex balance of power and potential for manipulation. ~~TOP SECRET~~ in an increasingly--but

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by no means fully--quadrangular power interrelationship. The shift from alliance to confrontation in Sino-Soviet relations and the rapid emergence of Japan have altered the nature of the game.

Sino-Soviet tensions, which in late 1969 built to the point where open hostilities seemed possible, have eased somewhat; but the Soviet threat is a more real and immediate worry for Peking than any danger from the US. Although some normalization in state relations has taken place between the two, re-establishment to any significant degree of the Sino-Soviet relationship of the 1950's is highly improbable for the foreseeable future. Most likely Sino-Soviet relations will remain in a state of controlled tension with both sides avoiding armed conflict but neither side willing to make major concessions. Nevertheless, given recent history the possibility of a significant deterioration of relations cannot be discounted.

The virulence of the hostility between the PRC and the Soviet Union has contributed to China's interest in maintaining some contact with the US--while other factors dictate that such contact be sporadic and tenuous. It is unlikely that the

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Chinese expect these contacts to lead to early and substantial results, but they apparently calculate that they not only serve to disturb the USSR but also may aggravate uncertainty about US intentions among the population and leaders of Taiwan.

The USSR and the PRC are highly sensitive to shifts in the US-Sino-Soviet relationship. In 1969 during the period of greatest Sino-Soviet tension, both were especially suspicious about US contact with the other. Although the Chinese remain nervous over possible US-Soviet collusion, the Soviets, noting Peking's cool response to US overtures, have for the time being relegated collusion by the other two to the realm of potential rather than imminent danger. Nevertheless, should there be a marked improvement in US-PRC relations, the Soviets would carefully assess the potential effect of such changes on their own interests. They are particularly concerned that the US might provide, or permit third countries to provide, the PRC with scientific information and technology which would directly or indirectly help PRC military potential vis-a-vis the USSR. Should the Soviet leaders judge that changes in our trade policies might facilitate the strengthening of PRC

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military potential to their detriment, US-Soviet relations in other areas could, as a result, noticeably chill.

China's power position has been challenged by the emergence of Japan. Although the latter's economic capacity has not been matched by a commensurate political role, the Chinese as well as other Asians sense Japan's tremendous potential for influence in the region. Aside from jealousy over Japan's economic success as such, the Chinese are bothered by the prospect of a Japanese economic influence in Asia which will carry prestige and political weight as well. They fear a resurgence of Japanese military power and are disturbed about the protective role they suspect the Japanese have in mind for Korea and particularly Taiwan. They are acutely aware that some influential elements in Japan believe Japan's large and growing investments in Taiwan and its strategic interest in the Island should determine Japanese China policy, even at the expense of a permanent breach with the PRC.

At the same time certain countervailing factors inhibit the Chinese from indulging in all-out hostility toward Japan: China depends heavily on Sino-Japanese trade; it desires to

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weaken US-Japanese security relations; it does not wish to antagonize unnecessarily those already significant Japanese elements who favor a more accommodating policy toward Peking; and it wishes to avoid providing a concrete threat which Japanese rightists could seize as a rationale for rearmament.

So far, Japan's emergence has had a lesser impact on the positions of the US and the USSR. The relative weight of the US in the area will, nevertheless, diminish with the lower profile envisaged under the Nixon Doctrine. The importance of close coordination with Japan on our China policy is obvious.

II. US OBJECTIVES

The President said in 1970 that it is "certainly in our interest, and in the interest of peace and stability in Asia and the world, that we take what steps we can toward improved practical relations with Peking." Given the inherent conflicts in US interests relating to the China question, we must decide how strongly we desire improved relations with the PRC, since presumably they must come--if they can come at all--at some cost in our relations with the GRC and perhaps in other interests as well.

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In formulating long (4-8 year) and short (1-3 year) term goals, we have taken into account (1) the advanced ages of the two key leaders, Mao Tse-tung and Chiang Kai-shek, (2) the fact that the GRC is approaching a crossroads in its international position and may later face the problem of greater Taiwanese political participation, and (3) the state of flux in PRC policy issues in the post-Cultural Revolution era.

Toward the PRC

A. Long Range (4-8 year) goals

1. Avoid a direct US-PRC armed confrontation or conflict; work toward a relaxation of tensions in the area facilitating an acceptable settlement in Southeast Asia.
2. Deter PRC aggression against non-communist neighbors.
3. Secure PRC recognition (albeit tacit) that the US has a legitimate role in Asia.
4. Encourage Peking to play a constructive, responsible role in the international community.

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5. Achieve more normal political and economic relations with the PRC, including participation in the growing trade with it.
6. Encourage a peaceful resolution of the Taiwan issue.
7. Prevent an offensive alliance between Peking and Moscow directed against the US or its Asian friends and allies.

B. Short Range (1-3 years) goals

1. Discourage the use of force by either side in the Strait area.
2. Achieve a relaxation of Sino-US tension through expansion of contacts including a resumption of the dialogue at Warsaw or elsewhere.
3. Allay Peking's fears of US-Soviet collusion against and encirclement of China.
4. Do what we can to make possible Peking's constructive participation in international conferences on world-wide problems, including measures for arms control and disarmament.
5. Initiate controlled, direct economic relations.

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Toward the GRC and Taiwan

(The assumption is made that during the next eight years the PRC will be unable to bring Taiwan under its control.)

C. Long Range (4-8 years) goals

1. Encourage movement toward a peaceful resolution of the Taiwan issue between the governments in Peking and Taipei.
2. Insure the security of Taiwan from external attack, including achievement of a local defense force capable of contributing to the defense of Taiwan and the Pescadores and supportable by local resources with decreasing US assistance.
3. Encourage other governments to maintain relations with the Government on Taiwan consistent with its de facto status.
4. Encourage the evolution of more representative political institutions which would provide the Taiwanese community a greater voice in central government decisions.

D. Short Range (1-3 years) goals

1. Discourage the use of force by either side in the Taiwan Strait area.

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2. Encourage restructuring and modernization of GRC forces to achieve adequate defense capabilities supportable by GRC resources without impeding continued economic growth.
3. Maintain access to Taiwan to the extent necessary to meet our commitment to the defense of Taiwan and the Pescadores and our strategic requirements in East Asia.
4. Encourage the GRC to adopt more flexible policies concerning the Chirep issue and third country recognition so that we can more effectively support it internationally.
5. Encourage Taiwan's continued growth and its increasing contribution to regional development.

III. PRC OBJECTIVES

Peking seeks recognition as a major world power and the dominant power in Asia. It would like other Asian states to accommodate their policies to those of the PRC and eventually model their societies and governments on that of Communist China. The PRC seeks to eliminate the rival Chinese govern-

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ment and to gain control over Taiwan. It desires the withdrawal of US military presence from Taiwan and the Asian mainland.

Peking has sought to achieve these goals through a low-cost, low-risk policy which avoids direct confrontation with superior power. It has provided limited amounts of money and training for insurgencies around its borders. Its selective commitment of economic assistance and establishment of trade relations is used primarily for political benefit. Its army is geared to defensive operations, and although it could launch a major armed attack against any of its neighbors, there is no current indication that it intends to do so. Its growing strategic nuclear capability seems intended primarily as a deterrent to the US and USSR. Peking would react strongly to developments which demonstrate, in its eyes, that Japan will "replace" the US in Asia, or that Japan may compete successfully with the PRC for predominant political influence in Asia. In dealing with Japan, Peking probably attaches considerable importance to weakening Japan's alliance with the US.

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Peking has a major security interest in the continued existence of communist regimes in North Korea and North Viet-Nam. Although these countries pursue independent policies sometimes in conflict with its own, Peking would almost certainly intervene militarily if the regime in either country were seriously threatened. It also seeks to maintain stronger influence in these two countries, and throughout the region, than that of the Soviet Union.

In Southeast Asia, the PRC seeks to heighten its influence while continuing to use primarily indirect means to achieve its major goal in that region--the consolidation of a buffer sphere of influence free from significant foreign threat. While it appears to accept Hanoi's primacy in Viet-Nam, Laos and Cambodia, it considers Burma, Thailand and perhaps Northern Laos as areas where Chinese influence should predominate.

The PRC prefers a protracted war in Indochina to a negotiated settlement. It is unlikely to change this position at least until Hanoi does so.

IV. US STRATEGY

Our policies of close-in deterrence and firm opposition to an international position for the PRC were designed for

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the post-war years when the two main centers of world power formed antagonistic camps bidding for the allegiance of those attempting to remain neutral; when communism appeared monolithic, with Soviet power augmented by close collusion with a new Communist China of unknown intent in the area; when the PRC was supremely confident due in part to its unexpectedly rapid takeover of the mainland; when an Asia of widespread devastation from war was further weakened by the emergence of a dozen newly independent states lacking in self-defense, inexperienced in governing, and beset in most cases with insurgency problems; when Peking threatened imminent "liberation" of Taiwan; when the Chinese intervened massively in Korea; and when (throughout the fifties) the PRC was making remarkable progress in industrial development, posing as a model for developing countries.

For several years US intelligence assessments have concluded that, despite its militant ideology and drive for great power status the PRC was unlikely to mount a conventional attack against its non-communist neighbors--particularly in view of the US and Soviet presence in the area. Nevertheless, in the absence of PRC guarantees for the non-use of force, and

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with the memories of the Korean War, the Taiwan Strait crisis, the Sino-Indian conflict, and Peking's support of Hanoi, we have maintained a strategy aimed at deterring any possible direct threat to its non-communist neighbors or against Taiwan.

Recognizing that in the absence of a resolution of the Taiwan issue our efforts to reduce Peking's hostility could achieve at best limited results, we continued efforts for a constructive dialogue in the hope that in the long run Chinese leaders and/or their successors would see it in their interest to take a more accommodating view of the US as well as of their non-communist neighbors. The changing Asian situation in the sixties has gradually enabled us to reduce our previous efforts to isolate the PRC, and to attempt to reduce US-PRC points of conflict.

Our policy toward the current Sino-Soviet dispute has been to express concern over the potential de-stabilizing effect of a large scale armed conflict while declaring our non-involvement. We reap benefits from Sino-Soviet hostility, but our policies are not directed specifically at exacerbating or, for that matter, lessening Sino-Soviet tensions. Rather,

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they are formulated in terms of improving our bilateral relations with both Moscow and Peking.

The question arises as to how in the seventies we can best cope with the PRC's new-found dynamism in the international arena. Return to a strategy of attempted isolation does not seem to be appropriate, or perhaps even feasible, given trends in attitudes toward the PRC in the rest of the world and the PRC's own development. Accordingly, it is not treated as a policy alternative in this paper. It is assumed that the US strategy of the past few years toward a reduction of the PRC's isolation and of points of US-PRC conflict will be followed and refined, and the issues in this paper are treated in that context. Under this strategy, while maintaining its defense commitments the US would take certain economic and political measures designed to encourage the PRC to lower the level of its hostility toward the US, to open channels of communication and to accommodate to the PRC's wider participation in the international community.

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V. DIFFICULTIES IN IMPROVING RELATIONS

A. The Taiwan Issue

For more than a decade Peking has maintained that there can be no significant improvement in Sino-US relations until the US ends its "occupation" of Taiwan. Peking has made clear that this means, at a minimum, removal of the US military presence from the Strait area and Taiwan. Although not explicitly demanded by the Chinese, it could also mean termination of our defense commitment to the GRC and perhaps even cessation of our support for the GRC internationally or breaking of US relations with Taipei. Beyond that, Peking probably seeks US acceptance, at least in principle, that Taiwan is an integral part of the PRC.

For our part, we have taken the position since the Korean War that sovereignty over Taiwan is an unsettled question subject to future international solution. We have therefore avoided stating that we regard Taiwan as a part of China, while similarly avoiding statements implying separate sovereignty for the island. We recognize the GRC as legitimately occupying and exercising jurisdiction over Taiwan, with a provisional capital at Taipei. In practice, however, we have dealt with

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the GRC as the de facto government of the territory which it controls. For at least the past five years we have avoided public statements recognizing the GRC as the legal government of all China, but we have also avoided challenging the GRC claim to that status.

Without departing from our position that sovereignty remains to be determined, we have tried to set aside the Taiwan issue by making clear to Peking that we would accept any peaceful resolution by the parties directly concerned, and that we will not interfere in such a settlement. Although not made explicit, this position implies that we would not oppose the peaceful incorporation of Taiwan into the mainland. However, we have also made clear to Peking that until a peaceful settlement is reached we intend to maintain our defense commitment to, and continue our diplomatic relations with the GRC.

While Peking is not now prepared on this basis to discuss other issues standing in the way of an improvement of US-PRC relations, it did so in the late 1950's and may again in the future.

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B. Peking's view of the-US

The PRC's current hostility seems to stem chiefly from both fact and Chinese belief concerning our posture and policies: (1) our international and local support for the GRC; (2) our military presence on what it regards as Chinese territory, resulting from our intervention in the incomPLETED Chinese Civil War; (3) our commitment to defend Taiwan and Peking's suspicion that the US intends to detach Taiwan permanently from China; (4) our alleged "encirclement" (with the USSR) of the Chinese mainland thus thwarting a great power's urge for a buffer zone sphere of "legitimate" influence; (5) the Korean War; (6) the Indochina war; (7) US and GRC air and naval incursions in and over PRC territory for intelligence gathering and other purposes (chiefly in the past), constituting an affront to sovereignty; (8) our building of anti-Chinese alliances on China's periphery; (9) our treating China as an international pariah even more ostracized than the heretical Soviet "revisionists" in terms of our restrictions on trade and travel; and (10) our role in denying Peking a seat in the world's councils.

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C. The "devil's image."

Peking finds utility as well as resentment in US opposition. A "capitalist-imperialist devil" is a valued target against which to measure Maoist virtues and communist purity in China's rivalry with the "heretic" USSR. Peking must measure this utility against the gains it can hope to achieve through a less antagonistic relationship with Washington. It is impossible to say to what extent the Chinese-alleged US "wrongs" against the PRC must be "righted" in Peking's view before we can expect PRC interest in basic improvement in relations.

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VI. POLICY OPTIONS -- ROOM FOR MANEUVER

A. Our Military Presence on Taiwan

1. US and Allied Strategic Interests

By reason of its geographic location, Taiwan occupies an important position for US regional support and communications operations and intelligence activities. Leaving aside the question of the ultimate importance of Taiwan to our East Asian strategy, it has been agreed that, for the period of this study (i.e., the next eight years) and pending a peaceful resolution of the Taiwan issue, the US must retain ready and quick access to bases and facilities on Taiwan regardless of the level of our military presence.

Because of its central position in the island chain which extends from Japan to Southeast Asia, Taiwan is strategically important not only in military terms but also in respect to the sea and air lines of communication and trade which are important to the continued economic development and political stability of the East Asian region as a whole. Access along this arc over the past 20 years has enabled the US to maintain the lines of communication which are essential to implementation of US policy. Allied control of the island chain continues to facilitate the control of China's coastline in time of crisis.

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It enhances the safety of friendly air and sea traffic. Such control also assumes particular importance in support of theatre requirements for air defense, reconnaissance, air lift, communications and communications/electronic support. US strategic requirements include intelligence and SIOP. In the post-Viet-Nam era, after Okinawa reversion occurs, Taiwan may assume a more important role. This role could be more significant if Japanese or Philippine basing were further restricted or lost.

In addition to Taiwan's value as a link in the allied defensive island chain, the armed forces of the GRC contribute to the total military balance in Asia although constraints exist with regard to their use for any purpose other than the defense of Taiwan. As an example, GRC forces have served to hold in place opposite Taiwan a substantial proportion of Chinese Communist Armed Forces, which otherwise could be diverted to other areas.

2. US Military Presence on Taiwan

There are approximately 9,000 US military personnel on Taiwan. Over half of these support Viet-Nam and other theatre operations and were deployed there following the Viet-Nam buildup in 1965 (see DOD annex). Most units are concerned with advisory and contingency responsibilities and with

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theatre communications, logistic and intelligence requirements.* The only military unit on the island with attack capability is a small detachment of the SIOP-committed 405th Tactical Fighter Wing.

In the past 18 months some reduction of US military presence on Taiwan and in the Strait area has occurred. The assignment of two US destroyers to regular patrol of the Strait was ended in November 1969. This mission is now performed by US naval ships irregularly transiting the Strait. The personnel strength of the MAAG was reduced by 16% in FY69, 33% in FY70, and 25% in FY71. More recently the air refueling operation from CCK Air Base was withdrawn, involving redeployment from Taiwan of its KC-135 squadron and its 750 men.

The US enjoys relatively liberal rights for overflight, access and basing on the island. The GRC has not attempted to exact special terms or political price for these privileges, but on the contrary encourages increased use of Taiwan by US forces, which the GRC considers will strengthen the reliability of our defense commitment and will constrain our efforts to improve relations with Peking.

The GRC has long collaborated in our extensive intelligence acquisition efforts against Communist China and other priority

* Intelligence operations will be discussed in detail in a separate annex.

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targets in Southeast Asia. These activities provide a significant portion of our intelligence on China. If US-GRC relationships deteriorate because of either a change in GRC political status or of significantly reduced US military presence on Taiwan, it is conceivable but not likely that the GRC might retaliate by curtailment of cooperation in technical collection efforts against Communist China and by removal of our operating bases. We might not be able to duplicate at bases elsewhere--even at considerable extra cost--a few of the intelligence collection capabilities we now have in Taiwan.

The size and composition of our military presence may have an important bearing on whether we can persuade Peking to set aside the Taiwan issue and permit an improvement in our relations. If the US were to opt for certain strategies--such as close-in deterrence--some of the functions currently performed by US military elements on Taiwan might continue irrespective of the termination of hostilities in Viet-Nam, although not necessarily at the current level of intensity. Under certain possible evolutions of our base structure in the Western Pacific these functions could increase in importance. Significant reduction in the size and character of our military presence on Taiwan might necessitate the relocation of these functions elsewhere with resultant budgetary costs

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and possible decreases in capabilities. The political advantages to be derived from such a reduction must be weighed against the political and military liabilities arising from displacement, reduction or elimination of these functions. **

In the light of these and other considerations, including the Nixon Doctrine, what should be our policy toward US military presence on Taiwan?

** DOD would prefer that this paragraph read as follows:

The size and composition of our military presence may have an important bearing on whether we can persuade Peking to set aside the Taiwan issue and permit an improvement in our relations. However, some of the functions discussed in DOD's annex which are performed by US military elements on Taiwan will continue irrespective of termination of hostilities in Viet-Nam and could increase in importance with implementation of the Nixon Doctrine and evolution of our base structure in the Western Pacific. Significant reduction in the size and character of our military presence on Taiwan would be at the expense of some of those functions. The political advantages to be derived from such a reduction must be weighed against the political and military liabilities arising from displacement, reduction, or elimination of those functions.

The selection of an option concerning our military presence on Taiwan as a means of reducing tensions between the US and the PRC must consider the fact that those tensions were the reasons for our military presence in the first place. Our experience in negotiating with the Asian communists affords ample proof of the necessity for strict and enforceable quid pro quos. Dismantling our military presence on Taiwan as an inducement to the PRC rather than as a condition attendant to and dependent on specific assurances and commitments by Peking to move to reduce tensions and normalize relations tends to concede the validity of PRC assertions that the US is solely responsible for such tensions. The military risks and political costs to the US and its allies which might follow from such a course of action, assuming, of course, that our treaty commitments remain in force, must be carefully considered.

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Options:

1. Maintain present levels and composition of US military presence now on Taiwan

Principal Advantages:

a. Would ensure prompt access to GRC/US facilities for supply, support and communications activities in meeting our defense commitment to the GRC and our strategic requirements in East Asia. Would maintain important planning and control capabilities of a functioning, in-place headquarters (Taiwan Defense Command) charged with contingency responsibilities for operational control of ground, sea, and air forces of both nations under the Mutual Defense Treaty of 1954.

b. As evidence of US firmness in security matters, would give encouragement to the GRC and other Asian allies, even as we lower our presence elsewhere in Asia.

c. Would provide continued US advice and support to GRC units in the highly technical areas of air defense, naval operations, supply, maintenance and logistics which remain outside of GRC competence.

d. Would assure the continued collaboration of the GRC in our extensive intelligence collection efforts against Communist China.

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Principal Disadvantage:

Would tend to reinforce the PRC view that the US intends to maintain Taiwan as a permanent military base, thus making resolution of the Taiwan issue more difficult.

2. Increase US non-combat military presence on and use of Taiwan

Principal Advantage:

In view of existing realities there are no major discernible advantages to this option.

Principal Disadvantage:

If significant, would heighten PRC sensitivity to the US military presence on Taiwan.

3. Increase deployment of combat forces to Taiwan

Principal Advantage:

In view of existing realities there are no major discernible advantages to this option.

Principal Disadvantage:

Would be interpreted by Peking as a provocation and probably would close the door on any further contact with the PRC looking to an improvement in relations.

4. Decrease US military presence on and military use of Taiwan, while preserving reentry rights and retaining the contingency command and current advisory presence.

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Principal Advantages:

- a. Could improve US-PRC relations by demonstrating that US does not intend to maintain permanent military bases on Taiwan.
- b. Would continue to maintain the functions of MAAG and TDC (See Option 1).

Principal Disadvantages:

- a. Would weaken confidence of GRC and other Asian allies in the US defense commitment.
- b. Could impair flexibility in implementing present theatre strategy with regard to logistics, communications and other affected functions. Accurate and timely communications could be jeopardized if the current STRATCOM capability on Taiwan were to be eliminated. The removal of the tactical airlift and fighter units from Taiwan would impair, and in some cases eliminate the capabilities of these units to perform their special missions.
- c. Would incur some risk that the PRC might misjudge US resolve and provoke a crisis in the Strait area, short of an attempted invasion of Taiwan which is highly unlikely given the PRC's limited air and sealift capabilities.
- d. Would increase the difficulty of basing forces and functions essential to theatre requirements that might be withdrawn from ~~Japan, Okinawa, Philippines, Southeast Asia, etc.~~ ~~UNCLASSIFIED~~

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5. Contingent upon PRC willingness to agree to a mutual renunciation of force in the Strait area, remove all US military presence from Taiwan and the Strait area, except for a small liaison group on Taiwan, while retaining reentry rights and maintaining our defense commitment to Taiwan and the Pescadores.

Principal Advantage:

The PRC might be persuaded on this basis to set aside the Taiwan issue as the main obstacle to an improvement in US-PRC relations.

Principal Disadvantages:

a. Would require extensive revision of theatre strategy to meet US national commitments elsewhere in East Asia. The elimination of Taiwan Defense Command and the loss of theatre and strategic capabilities which would result from the relocation or elimination of communications, logistic, air defense, reconnaissance, air lift, intelligence, and SIOP-committed assets on Taiwan would restrict the ability of US forces to respond to critical, time-urgent requirements implied in specific treaty commitments.

b. Would weaken confidence of the GRC and other Asian allies in our defense commitment.

c. Current US MAAG efforts directed toward the restructuring and modest modernization of GRC armed forces supportable within available GRC resources would be eliminated.

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- d. Would inhibit our capability to implement rapidly commitments under the Mutual Defense Treaty if the PRC violated the renunciation of force agreement.
- e. Same as Disadvantages b. and d. under Option 4.
- f. Could risk misinterpretation by the PRC as an indication of weakening US resolve.

B. The GRC Claim to be the Government of all China

As the Chinese Representation problem attracts greater attention, we will face greater pressures to clarify our position on the GRC's claim to be the sole legitimate government of all China.

Options:

- 1. Continue our present policy of maintaining diplomatic relations only with the GRC, keeping silent about its claim to be the government of all China, but making clear that we deal with the PRC on matters of mutual interest

Principal Advantage:

Best serves to keep open options regarding the future status of Taiwan and, of the options which do not include clear support for the GRC claim, does the least damage to US-GRC relations.

Principal Disadvantage:

May become untenable if public interest and international pressures increase. To change under those conditions would make the US appear to have been static

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and inflexible, to be adjusting to new realities reluctantly and only when forced by domestic and world opinion and for the sake of expediency.

2. State publicly that the question of which government is the legitimate government of China is not one which the US can decide and that we regard this issue to be a matter for peaceful resolution by the parties directly concerned

Principal Advantage:

Would be the most compatible with the position we have taken at the Warsaw Talks without, however, foreclosing our options regarding the future status of Taiwan; would provide good underpinning for some forms of dual representation in the UN should we desire to adopt such an approach.

Principal Disadvantage:

Would strain US-GRC bilateral relations (more than Options 1 and 4 but less than Option 3) and, if such a statement coincided with an effort to advance a dual representation formula in the UN, might preclude the possibility of persuading the GRC to acquiesce in such a proposal.

3. Make public statement to the effect that we do not support the GRC claim to be the government of all China but recognize it as the de facto government of Taiwan

Principal Advantage:

Would provide an underpinning for some forms of

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dual representation move at the UN should we desire to adopt such an approach.

Principal Disadvantage:

Would greatly strain both US-GRC and US-PRC relations by taking a public position that is unacceptable to both; would virtually foreclose the possibility of persuading the GRC to acquiesce in a dual representation formula at the UN.

4. Publicly support GRC claim to be the legitimate government of all China

Principal Advantage:

Would provide the greatest assurance to GRC of US commitment to its continued existence on its own terms.

Principal Disadvantages:

Would impose the greatest strain on US-PRC relations, foreclose several options on the future status of Taiwan, render virtually impossible any US moves toward dual representation in the UN, and invite worldwide ridicule.

C. The Future Status of Taiwan

Whatever attitudes may be toward sovereignty over Taiwan, it seems clear that for the foreseeable future the vast majority of Taiwanese, as well as many mainlanders on Taiwan, would oppose any settlement placing Taiwan under PRC control. In addition, among influential, better educated and politically

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concerned Taiwanese there is strong sentiment in favor of eventual independence. Although there is no organized independence movement on Taiwan, such sentiment could become politically significant in the event actions either by the GRC or the US should appear to foreclose that possibility.

Notwithstanding the GRC's efforts to preserve the image of Taiwan as part of China, the trend of economic, social and cultural change on Taiwan over most of the past 75 years (i.e., since annexation by Japan) has been in the direction of separation from the mainland. Although it has not been US policy to encourage this trend, the practical effect of many of our major programs and policies during the past twenty years, in combination with Taiwan's economic success, has been to create the potential for Taiwan's continued viability separate from the mainland--provided that its security from external attack is insured either by a political settlement or continued US commitments.

Although both the GRC and the PRC insist that Taiwan is a part of China, for the GRC this insistence is essential if it is to avoid being placed in the position internationally of an exile government and domestically of a government lacking a popular mandate to rule. Peking, on the other hand, is apprehensive that the US seeks to separate Taiwan permanently from the mainland, ~~and, ensure its long-term availability~~

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as a military base. Hence Peking may make any real improvement in our relations contingent on our willingness to acknowledge, at least in principle, that Taiwan is a part of China.

Options:

1. Continue to avoid any judgment on this issue, taking the position that we regard the future status of Taiwan as one to be decided peacefully by the parties directly concerned

Principal Advantage:

Avoids foreclosing adoption of a position either that Taiwan is part of China or is an independent entity, should either prove to be in our future policy interests.

Principal Disadvantage:

Because of its ambiguity as to future US intentions, poses a serious obstacle to persuading the PRC to set aside the Taiwan issue so that other areas for improving relations can be considered.

2. Acknowledge that Taiwan is part of China, but that its relationship to the mainland should be determined peacefully by the parties concerned.

Principal Advantage:

Peking might be persuaded to set aside the Taiwan issue, at least for some time, and reach agreement on other issues permitting an improvement in our relations.

Principal Disadvantage:

Unless we reassert that the GRC is the government of all China, would weaken politically and legally the

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basis of our commitment to the defense of Taiwan and the Pescadores and could prejudice our ability to maintain relations with and support that government internationally.

3. Take the position that Taiwan is an independent entity with GRC as the de facto government and maintain our defense commitment.

Principal Advantage:

Would appeal to the Taiwanese community on Taiwan and to some anti-Communist Asian governments which might view this move as evidence of our determination to keep Taiwan free from PRC control.

Principal Disadvantage:

Would be regarded by the GRC and the PRC as an unfriendly act, seriously damage our relations with the former and preclude improvement in our relations with the latter, certainly for the short-term.

D. Chinese Representation in the UN

Over the past decade our basic objectives concerning Chirep have shifted from blocking PRC admission and supporting the GRC as the only legitimate representative of China to opposing PRC entry at the price of GRC expulsion. However, developments within and outside the UN over the past two years, and to a lesser extent the evolution of our own policy toward Peking, have contributed to a shift in UNGA voting patterns so that our strategy of reliance on the IQ resolution and

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opposition to the Albanian Resolution is now of doubtful viability. Given current voting trends, if no alternative to the Albanian Resolution is available it is likely that the PRC will be seated and the GRC expelled by no later than 1972.

Alternative strategies for dealing with the Chinese representation issue in the UN are considered in NSSM 107. The choice between the two broad strategies there outlined--i.e., to continue with our current policy or shift to some dual representation formula (perhaps in the context of universality)--depends upon a choice among three basic policy determinations:

Policy Options:

1. That it is now in our interests that the PRC be admitted to the UN even at the price of GRC expulsion

(Since it is not feasible for us to shift to open support of such a resolution, the best course of action under this option would be to continue our present policy with the expectation that, probably in as little as two years, the PRC would enter the UN and the GRC would be expelled.)

Principal Advantage:

Would dispose of the Chinese representation issue and remove this problem as a potential obstacle to the

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improvement of relations with Peking; would bring the PRC into the UN system most quickly.

Principal Disadvantages:

Would be regarded as a defeat for the US on a major international issue. Anything less than a determined effort to preserve its membership in the UN would be regarded by the GRC as a breach of faith.

2. That it is in our interests to have both PRC and GRC represented in the UN if possible
3. That it is in our interests to preserve GRC representation in the UN, with or without PRC entry

(Under these options, in prevailing circumstances, the best course of action would be to support some dual representation formula, although it is likely that Peking will refuse to enter the UN on this basis.)

Principal Advantages:

Would be a reasonable compromise consistent with our position at Warsaw on the Taiwan issue and with our assurances to the GRC of continued support for its international position; would shift to Peking the onus for its non-participation; would probably block passage of the Albanian Resolution and thus buy time during which a change in the policies of Peking and/or Taipei could conceivably provide the basis for a resolution of the Chirep issue.

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Principal Disadvantage:

Would extend and over the short term probably aggravate our confrontation with Peking over this issue, possibly also adversely affecting prospects for an improvement of relations.

E. Revising Controls Which Were Designed to Contain China as a Result of the Korean War

1. Trade Initiatives

(Note: Trade issues are treated more fully in U/SM 91.)

The US embargo on direct trade and most other economic transactions with the PRC has remained in force since 1950. As long as our allies maintained controls on trade with the PRC stricter than those with the USSR, the combined US and allied restrictions denied advanced resources and technologies to the PRC. However, after 1957 one ally after another moved to develop trade with the PRC. Since 1969 the only restrictions observed by most Western nations and Japan are the COCOM lists, which because they include a disguised "China Differential" actually make trade with the PRC more restricted than with the USSR due to their differing levels of military and technological capability. Otherwise, these nations trade with the PRC on the same basis as with the USSR. (That basis is broader than US trade with the USSR since in addition to observance of

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COCOM restrictions the US also maintains under its unilateral controls a considerable list of items not on the COCOM lists. These items are undergoing inter-agency review as to whether they should continue to be controlled under the provisions of the Export Administration Act of 1969.)

By continuing our embargo we deny ourselves the opportunity to explore trade possibilities while other nations benefit from nonstrategic trade with the PRC. The PRC does not appear anxious to trade directly with the US at present for political reasons, but has occasionally attempted to purchase US-made equipment or components. (A CIA estimate^{1/} suggests two-way trade could within some five years run 100 to 470 million dollars annually.)

Our basic options (see details in U/SM 91) are:

Option A: Place two-way trade with the PRC under the same published controls as apply to the USSR, with decisions on specific export licenses reflecting differences between the PRC and the USSR in levels of military and technological development.

Principal Advantages:

Would place American businessmen on a par with Western competitors except for US unilateral controls;

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would have greatest impact on the PRC; would allow trade contacts between the two countries without USG initiative.

Principal Disadvantage:

Would allow export of certain goods and technical data which might have strategic significance to the PRC in view of its military and technological development being lower than that of the USSR.

Option B: Authorize two-way trade, but subject the general license list to an inter-agency item-by-item review to eliminate those exports having possible strategic significance.

Principal Advantage:

Would minimize the potential security problems involved in some exports licensed under Option A.

Principal Disadvantages:

Would result in some delays as agencies reviewed for general license those commodities with possible strategic significance; would be resented by the PRC as still discriminating in favor of the USSR; would allow some potential American business to go to allies who adhere only to the COCOM list.

Timing of Implementation:

The trade initiatives could be implemented either at the same time as one package, or gradually in a

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deliberate series of undramatic steps. The former approach would have greater impact upon the PRC, and offer the best chance of increased trade. Gradual implementation in a steady, unspectacular fashion would minimize an adverse effect on Taipei in general and our limited ability to influence the GRC on the sensitive Chirep issue in particular. If not too dramatic, it might well be helpful in making clear to the GRC that our purpose of seeking improved relations with the mainland is still firm, while we are still anxious to help preserve the GRC's international position.

2. Chinese and American Assets and Claims

To construct a true balance sheet of claims and counter-claims between the US and the GRC, and the US and the PRC, may prove impossible. War debts (\$1.6 billion in Lend Lease alone), damages charged to US troops, postponed decisions on whether to claim against the GRC, and assets left behind on the mainland which could be claimed against the PRC, all enter into the picture. Even if we wished to wipe the slate clean, there are categories of GRC debts stemming from World War II which cannot easily be cancelled, since the US Government maintains similar claims against other allies.

Out of this morass, two issues are relatively clear-cut and may require policy decisions soon. The first is what to

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do about Chinese assets which were blocked under the Foreign Assets Control (FAC) regulations shortly after PRC "volunteers" intervened in Korea. The amount of these assets is estimated at present to be between \$80 and \$100 million. In our recent census of these assets we discovered that some had been improperly released or dissipated, and the US Government may have to file suit to have the assets restored, or be barred by the statute of limitations from vesting them. Custodial vesting is one contemplated solution to this problem. To further complicate the problem, the Belgian Government has strongly contested the US Government's blocking of \$10 million in dollar accounts of a private Belgian bank (the Banque Belge).

The other imminent issue is what to do about private American claims--the US Government also has claims--arising from the PRC's confiscation of properties during the Communist take-over and during the Korean War. These claims are being compiled by the Foreign Claims Settlement Commission which is currently proposing awards of at least \$178 million. One means of compensating these American claimants would be for the blocked Chinese assets to be vested and distributed to them. Vesting prior to a PRC-US claims settlement (perhaps of the Litvinov type, wherein the USSR assigned title to Russian assets in the US) would cause difficulties with the Belgians and other foreign governments, and foreign banks having

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interest in blocked accounts and would remove a topic for potential negotiations with the PRC. These issues and possible resolutions will be treated at length in a paper being prepared on the Banque Belge issue.

3. Travel

Restrictions Relating to Travel of US and PRC Citizens

(Note: Options are discussed in detail in U/SM 91.)

Our attempted restrictions relating to travel to the PRC, North Korea, North Viet-Nam and Cuba are in effect unenforceable. Nevertheless, we have extended these restrictions on the use of passports (unless specifically validated for such travel) at six-month intervals by Public Notice in the Federal Register. Unless they are extended again before March 15 the restrictions will automatically expire. Meanwhile, we have already validated nearly 1,000 passports for travel to China.

Travel by PRC individuals and groups (except for groups attending international conferences held in the US) is encumbered by the necessity of obtaining individual waivers of ineligibility from the Attorney General.

Our options, with the principal advantages and disadvantages, are listed below:

Option A: If passport restrictions are renewed on March 15 omit the PRC from the list of countries affected.

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Principal Advantages:

Would be consistent with the Administration's desire to improve Sino-US communication and would place the onus for blocking travel on Peking.

Principal Disadvantages:

Would cause unhappiness in Taipei. When and if the PRC allows travel, lack of consular assistance for Americans in China would pose problems.

Option B: Allow all passport restrictions concerning all countries except the DRV to lapse March 15.

Principal Advantage:

Would remove passport restrictions on travel to the PRC without focussing solely on the China area.

Principal Disadvantages:

GRC still would be troubled. Favorable impact on PRC would be less than in Option A.

Travel by PRC Groups to the US

Option C: Make public announcement (after agreement with the Attorney General) on procedures to expedite issuance of visas to groups of PRC scholars, etc.

Principal Advantage:

Would highlight our desire for greater communication between our two peoples and lessen US responsibility for restricting communication.

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Principal Disadvantage:

The GRC would consider this as evidence of weakening US support.

4. Other Initiatives to Encourage Contact

(This section offers possible selective steps in line with our policy of broadening communication with China and encouraging the Chinese to become less ignorant of the outside world, hence it is not presented in policy option form. In each suggested step the principal advantage lies in its possible contribution to the above objective, while the principal disadvantage is that these steps would in varying degree upset the GRC.)

Although Peking has allowed an increasing number of foreign cultural delegations and other groups to visit China since the end of the Cultural Revolution, there is scant evidence that Peking will allow direct cultural and educational exchanges with the US in the near future, because of sensitivities relating to US policies discussed elsewhere in this paper. However, cultural activities in third countries of a multi-national character could offer a venue for meetings and exchanges of ideas and knowledge.

With the exception of restrictive US visa requirements,*

* See preceding section on restrictions relating to travel.

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the main obstacles to PRC cultural and other bilateral exchanges and contacts with the US are imposed by the PRC. Recognizing that a major shift in Peking's approach to the subject remains unlikely we can nevertheless: (1) continue to express publicly our view that such contacts are desirable; (2) formulate tentative plans for such contacts; (3) discreetly encourage invitations by non-official American individuals and groups to persons in the PRC; and (4) discreetly exploit opportunities for Americans to have contacts with PRC citizens at conferences held in third countries.

The US Advisory Commission on International Educational and Cultural Affairs is considering holding open hearings on the subject of cultural exchanges with the PRC.

Our plans for future contacts might include:

Exchanges of journalists, scholars, scientists, students and athletes;

Tours of groups of people interested in specific subjects such as education, archeology, agriculture, medicine and other technical, scientific and cultural subjects;

Attendance of Americans at non-governmental conferences in third countries which persons from the PRC might attend, such as Pugwash, Quaker and Red Cross conferences;

Encouragement of exchanges of scientific knowledge, by organizations and individuals, by mail if not possible in person;

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Positive action, to the extent possible, on suggestions which may arise from hearings of the US Advisory Commission.

F. Arms Control and China

(Because a more specific and detailed presentation of this question is being submitted parallel to this study, this section is not presented in the form of options, but of suggestions for consideration of a general subject which is intimately related to other issues in this paper.)

While there has been limited discussion of arms control at Warsaw, we have never made specific proposals which could provide the basis for agreements with the PRC on arms control matters.

Arms control discussions with the PRC might carry forward the President's policy of seeking to improve relations with China. As China's nuclear capability grows, it is increasingly urgent that we search for areas in which we can engage in a dialogue on arms control. Within the context of the US-Soviet-China relationship, arms control discussions, if they prove to be possible, could become a partial but nonetheless significant counterpoise to the US-Soviet relationship represented by SALT. They would give meaning and content to our policy of neutrality in the Sino-Soviet conflict. Arms talks with the PRC might also alleviate Japanese concerns over China's growing nuclear capability and assist those in Japan who oppose extensive

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rearmament program. If such a dialogue could be arranged it probably would also be welcomed in the Subcontinent and throughout the world. On the other hand, it must be recognized that the PRC may be unwilling to discuss arms control with us and that such discussions, if they occur, may not yield substantial results.

The PRC would possibly value discussion of these measures because of their political significance, rather than for their content. The PRC might believe that some responsiveness to US initiatives would help counterbalance the growing Soviet threat. China might also wish to enter discussions for the influence this could exert on Japanese defense policies, particularly nuclear policies.

China will probably remain unwilling to consider wider arms control measures, like the test ban, lest they inhibit its ability to build a nuclear deterrent force. It would be unrealistic at this stage to press such measures. It would be equally unproductive to press measures like the NPT which China has regarded as an expression of US-Soviet collusion against her. In the longer run, China may see its own interest at stake in the success of non-proliferation. It would, of course, be in the interest of the US to have China sign the Limited Test Ban Treaty and the NPT, and this option should not be ruled out.

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More limited subjects, which might serve as a realistic basis for an exchange of views on arms control, include:

- a renunciation of force declaration
- a Washington-Peking hot line
- information exchange on nuclear weapons safeguards
- agreement not to possess biological weapons
- Pugwash-type unofficial arms control talks
- a conference of the five nuclear powers to discuss accidental war, command and control, and arrangements for emergency communication. **

Soviet reaction to US arms control initiatives toward China is difficult to predict. The Kremlin cannot realistically expect that US-Chinese relations will remain permanently frozen in their present condition, and the more reasonable Soviet leaders may argue that their best course is to keep the triangle in balance by pursuing their own efforts to improve relations with both Peking and Washington. Such US initiatives as those noted above could not on the basis of any objective criteria be considered anti-Soviet. Any step, like a hot line, which reduces the danger of accidental nuclear war would be in the Soviet interest as well as ours.

We would need carefully to weigh the status of SALT and

** These proposals are the subject of an ACDA draft which will be circulated for inter-agency consideration.

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of our relations with the Soviets at the time we put forward any of the above proposals. It would also be necessary to formulate our arms control posture toward the PRC to avoid conflict with a SALT agreement.

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EXTRACTS FROM TERMS OF REFERENCE FOR CHMAAG, CHINA

(C) Responsibilities and Functions

a. Under the military command of CINCPAC, the Chief of the MAAG will:

- (1) Make recommendations to CINCPAC concerning Military Assistance (Grant Aid/FMS) to the GRC.
- (2) Develop Military Assistance (Grant Aid/FMS) plans and programs in cooperation with the Chief of the US Diplomatic Mission and other elements of the Country Team, and submit them to CINCPAC.
- (3) Observe and report on the utilization of material furnished and personnel trained at the expense of the United States.
- (4) Assure host country compliance with pertinent bilateral agreements relating to declaration and release of excess Military Assistance Program property, and provide timely instruction to host country on disposition of such property in accordance with DOD directives.
- (5) Provide appropriate advisory services and technical assistance to the GRC on military assistance, including training assistance and, within guidelines provided by higher authority, encourage the sale of US-produced military equipment to the GRC, and provide guidance on planning and programming for future FMS to meet valid country requirements.
- (6) Administer FMS transactions in accordance with current instructions.
- (7) Make recommendations to CINCPAC concerning off-shore procurement of military assistance material or services.
- (8) Provide appropriate guidance on doctrine, planning, and programming, and advisory and technical assistance to the GRC in

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the organization, equipping and training of military forces in order to develop and maintain self-sufficiency programs in support of the Armed Forces.

(9) Work directly with the military departments and appropriate military area commands in arranging for receipt and transfer of military assistance material, training, and services in the Republic of China.

(10) Provide liaison with GRC with respect to weapons production and residual off-shore procurement matters.

(11) Provide, as appropriate, advisory services and technical assistance to the GRC armed forces with respect to production of munitions and ordnance, vehicles, clothing, rations, rubber products, batteries, and topographic maps.

(12) When appropriate, act as channel of communication for the DOD&E regarding research and development matters between the United States and the GRC. Act as channel of communication for the Assistant Secretary of Defense (I&L) regarding production and other logistic matters between the United States and the GRC. CINCPAC shall be kept informed of all such communications.

(13) Provide liaison with the GRC with respect to any other military assistance requirements or logistic matters of the DOD and perform such other functions as may be required under foreign assistance legislation.

b. In discharging these responsibilities, the Chief of the MAAG will be guided by the policies and procedures set forth in the Military Assistance Manual, Annex J to the Joint Strategic Objectives Plan, applicable Department of Defense directives and instructions, and such other directives as may be issued by appropriate authority.

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c. The release of classified US military information of any nature to representatives of the GRC will be in accordance with appropriate documents authorizing disclosure of information to foreign governments or with approval of CINCPAC. In the event GRC authorities request military advice or information of a strategic nature from the MAAG, such requests will be referred to CINCPAC. US War Plans will not be divulged to foreign nationals without the specific authority of CINCPAC. CINCPAC will be advised by the Chief of the MAAG of any action taken by GRC authorities as a result of receiving strategic advice from the United States or from any other source, if such is known. CINCPAC will, in turn, keep the Joint Chiefs of Staff advised, as appropriate.

d. No member of the MAAG will assume any duty as a result of which he will be responsible to the GRC.

Source: CINCPAC Ser 0467, 24 April 1967, CONFIDENTIAL, Subj: Terms of Reference; Forwarding of

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